

TIMELINESS 3 Raised 3/20/15	High: 5.7 9.0 11.1 16.4 18.8 18.7 37.8 40.0 43.2 58.4 67.0 71.0	Target Price Range 2018 2019 2020
SAFETY 3 Raised 7/25/08	Low: 2.3 3.2 5.4 8.9 5.2 6.3 15.1 23.5 23.8 36.1 48.2 54.9	
TECHNICAL 3 Raised 3/27/15	LEGENDS ... Relative Price Strength 4-for-1 split 4/13 Options: Yes Shaded area indicates recession	
BETA 1.15 (1.00 = Market)		
2018-20 PROJECTIONS		
Price	Ann'l Total	
High 120	Gain (+75%)	15%
Low 80	Return (+15%)	4%
Insider Decisions		
M J J A S O N D J		
to Buy 0 0 0 0 0 0 0 1 0 0		
Options 1 2 2 2 1 2 4 3 1		
to Sell 9 6 6 8 5 7 9 5 6		
Institutional Decisions		
2Q2014 3Q2014 4Q2014	Percent shares traded	
to Buy 281 276 291	60	
to Sell 242 242 263	40	
Hld's(000) 595900 594512 593238	20	

salesforce.com, inc. is a provider of on-demand customer relationship management (CRM). The initial public offering of 10,000,000 shares of common stock at a price of \$2.75 per share (adjusted for split) was made in June, 2004 through Morgan Stanley, and included Deutsche Bank Securities, UBS Investment Bank, Wachovia Securities, and William Blair and Company.	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
	.70	1.09	1.57	2.19	2.57	3.12	4.14	5.21	6.67	8.61	10.00	12.00	Revenues per sh ^A	18.45
	.06	.03	.09	.16	.26	.26	.27	d.09	.23	.30	.65	1.20	"Cash Flow" per sh	2.35
	.05	--	.04	.09	.16	.12	d.02	d.48	d.39	d.42	d.20	.20	Earnings per sh ^{AB}	.85
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	.05	.05	.09	.12	.11	.21	.28	.30	.49	.47	.50	.55	Cap'l Spending per sh	.60
	.44	.62	.95	1.37	2.05	2.40	2.90	3.96	4.98	6.37	6.45	6.75	Book Value per sh ^C	8.60
	442.05	458.15	477.22	491.40	508.61	531.68	548.15	585.63	610.14	650.60	650.00	650.00	Common Shs Outst'g ^D	650.00
	NMF	NMF	NMF	NMF	NMF	NMF	--	--	--	--	--	--	Avg Ann'l P/E Ratio	NMF
	NMF	NMF	NMF	NMF	NMF	NMF	--	--	--	--	--	--	Relative P/E Ratio	NMF
	--	--	--	--	--	--	--	--	--	--	--	--	Avg Ann'l Div'd Yield	Nil
	309.9	497.1	748.7	1076.8	1305.6	1657.1	2266.5	3050.2	4071.0	5373.7	6500	7800	Revenues (\$mill) ^A	12000
	8.4%	1.8%	5.9%	9.3%	12.9%	10.5%	5.4%	3.5%	2.0%	5.5%	7.5%	12.0%	Operating Margin	16.5%
	6.0	12.5	24.2	36.0	53.2	75.7	157.3	216.8	369.4	448.3	550	640	Depreciation (\$mill)	970
	21.7	5	18.4	43.4	80.7	64.5	d11.6	d270.4	d232.2	d262.7	d135	135	Net Profit (\$mill)	555
	19.4%	NMF	50.6%	43.9%	40.5%	33.2%	--	--	33.2%	NMF	NMF	40.0%	Income Tax Rate	40.0%
	7.0%	.1%	2.5%	4.0%	6.2%	3.9%	NMF	NMF	NMF	NMF	NMF	1.7%	Net Profit Margin	4.6%
	68.6	42.1	134.9	301.6	798.1	d201.6	d651.3	d901.7	d1300	d840	d400	d100	Working Cap'l (\$mill)	1000
	.2	--	--	--	450.2	472.5	--	--	1301.9	1070.7	1000	1000	Long-Term Debt (\$mill)	1000
	196.4	281.8	452.1	671.8	1043.8	1276.5	1587.4	2317.6	3038.5	3975.2	4200	4400	Shr. Equity (\$mill)	5600
	11.1%	.2%	4.1%	6.5%	5.5%	4.4%	NMF	NMF	NMF	NMF	NMF	NMF	Return on Total Cap'l	9.0%
	11.1%	.2%	4.1%	6.5%	7.7%	5.1%	NMF	NMF	NMF	NMF	NMF	NMF	Return on Shr. Equity	10.0%
	11.1%	.2%	4.1%	6.5%	7.7%	5.1%	NMF	NMF	NMF	NMF	NMF	NMF	Retained to Com Eq	10.0%
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

CAPITAL STRUCTURE as of 1/31/15

Total Debt \$1071 mill. Due in 5 Yrs \$1071 mill.
LT Debt \$1071 mill. LT Interest \$52.0 mill.
(21% of total Cap'l)

Leases, Uncapitalized: Annual rentals \$124 mill.

No Defined Benefits Pension Plan
Pfd Stock None

Common Stock 650,600,000 shares

MARKET CAP: \$44.4 billion (Large Cap)

CURRENT POSITION (SMILL.)

	2012	2013	1/31/15
Cash Assets	867.6	838.7	995.4
Receivables	872.6	1360.8	1905.5
Other	275.7	480.8	649.2
Current Assets	2015.9	2680.3	3550.1
Accts Payable	14.5	65.0	95.5
Debt Due	521.3	572.0	--
Other	2381.8	3343.2	4294.6
Current Liab.	2917.6	3980.2	4390.1

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '18-'20
Revenues	29.0%	27.0%	23.0%
"Cash Flow"	--	7.5%	47.5%
Earnings	--	--	NMF
Dividends	--	--	Nil
Book Value	--	32.0%	14.0%

QUARTERLY REVENUES ^A (\$mill.)

Fiscal Year Begins	Apr. 30	Jul. 31	Oct. 31	Jan. 31	Full Fiscal Year
2012	695.5	731.6	788.4	834.7	3050.2
2013	892.7	957.1	1076	1145	4071.0
2014	1226	1318	1383	1444	5373.7
2015	1480	1540	1660	1820	6500
2016	1840	1860	1980	2120	7800

EARNINGS PER SHARE ^{AB}

Fiscal Year Begins	Apr. 30	Jul. 31	Oct. 31	Jan. 31	Full Fiscal Year
2012	d.04	d.02	d.39	d.03	d.48
2013	d.12	.12	d.21	d.18	d.39
2014	d.16	d.10	d.06	d.10	d.42
2015	d.08	d.06	d.05	d.01	d.20
2016	d.02	.06	.08	.08	.20

QUARTERLY DIVIDENDS PAID

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011					
2012					
2013					
2014					
2015					

NO CASH DIVIDENDS BEING PAID

BUSINESS: salesforce.com, inc. is a leading provider of on-demand customer relationship management (CRM) services. It offers services to manage and share information regarding sales, customer service and support, and marketing operations worldwide. As of 1/31/14 it had over 100,000 customers in more than 70 countries. Revenues by region: The Americas (71% of fiscal 2013 revenues); Europe (18%); Asia Pacific (11%). Has around 13,300 employees. Off. and dir. own 8.2% of common stock; FMR Corp., 14.5%; Sands Capital Mgmt., 6.4%; BlackRock, Inc., 5.2% (5/14 proxy). Chairman & CEO: Marc Benioff. Incorporated: Delaware. Address: The Landmark One Market, Suite 300, San Francisco, CA 94105. Telephone: 415-901-7000. Internet: www.salesforce.com

salesforce.com's share deficit will likely be halved in fiscal 2015 (ends January 31, 2016). Specifically, we think the top line will rise over 20% year over year, with both the Subscription & Support and Professional Services segments benefiting from stronger demand for the company's customer relations management (CRM) solutions and greater cross-selling initiatives. Of note, we believe that the recently released *Analytics Cloud* will gain greater traction in the year ahead, especially as organizations increase the use of mobile platforms in day-to-day operations. However, we expect stock-based compensation expenses, acquisition-related charges, R&D costs, and marketing outlays to trend higher, and foreign currency headwinds to persist.

Profitability should be within the company's grasp in fiscal 2016. Data center expansion in the U.K., France, and Germany ought to benefit from a likely increase in IT spending across Europe. A targeted strategy to deliver new social, mobile, and connected cloud solutions to six global industries should also continue to bear fruit. Furthermore, with the com-

pany now in a maturation phase, we believe operating expenses should rise at slower rate than in the past.

Long-term prospects are even brighter. We believe salesforce will maintain its dominant position in the CRM space with enhancements to products, such as *Force.com*, *Sales Cloud*, and *Service Cloud*. Moreover, the *Salesforce Marketing Cloud*, *Salesforce1 Platform*, and *Analytics Cloud* should capture more market share over the 2018-2020 span.

We expect salesforce's fundamentals to strengthen over the 3- to 5-year pull. Our projections indicate solid cash flow generation in the coming years, with much of these funds earmarked for takeovers and R&D. Key arenas of expansion likely include the mobile and social media spaces.

The stock does not stand out for the coming six to 12 months. Although the shares have moved up a notch in Timeliness since our January report, they are only ranked as a neutral performer. However, appreciation potential over the long haul is above average.

Randy Shrikishun
April 17, 2015

(A) Fiscal year ends January 31st of the following calendar year. (B) Diluted earnings. Earnings may not sum to total due to rounding. Excludes nonrecurring gains: '05, \$0.01. Next earnings report due late May. (C) Includes intangibles: In 2014, \$3782.7 mill., \$5.81 per share. (D) In millions, adjusted for split.

Company's Financial Strength	B++
Stock's Price Stability	30
Price Growth Persistence	100
Earnings Predictability	35